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Memorandum

TO: House Judiciary Committee Members
RE: HB 5052
DATE: October 12, 2005

Traffic in counterfeit tobacco and related goods has become an increasing problem recently. Due to high cigarette taxes (Michigan's tax is the second highest nationally) those inclined to market counterfeit cigarettes have found Michigan to be an attractive place to do business.

Last session, Michigan enacted a new law to address this problem. Public Act 474 of 2004 prohibited the selling, possession or transporting of counterfeit cigarettes or cigarettes with a counterfeit tax stamp. This bill would expand the prohibited products listed in that act by adding counterfeit or gray market cigarette papers and gray market cigarettes.

As indicated in the attached documents, there have been federal prosecutions involving residents from Southeast Michigan recently. These individuals had been trafficking in counterfeit cigarette papers in a scheme that involved an international network. This bill would provide state and local law enforcement officials jurisdiction to assist in the efforts to address this criminal activity.